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28 January 1964

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CENTRAL INTELLIGENCE BULLETIN



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Panama: (Pro-Castro groups may attempt to incite further violence.)

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[redacted] pro-Castro leaders are planning student demonstrations if "tangible" results from Panamanian-US talks in the OAS do not soon appear. In addition, these elements are planning to burn the vulnerably situated Tivoli Guest House which they consider a symbol of the US position in the Canal Zone. *One unsuccessful attempt to burn the Tivoli was made yesterday afternoon.]

[Castro-Communist forces were encouraged by their success in pressuring President Chiari to take an extreme stand in demanding a new Canal treaty. They evidently fear that the government will adopt a less rigid attitude toward solution of Panamanian-US differences, reducing their influence over future events.]

[UN Secretary General Thant has urged General Assembly President Sosa-Rodriguez of Venezuela to try to discourage a call for a special session of the assembly to discuss Panama. At present, Panama probably would not be able to muster the required majority for a special session.]

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*Cyprus: [The situation on Cyprus remains serious]

[The US Embassy in Nicosia reports an increasing number of rumors of incidents and of forthcoming trouble. The Turkish contingent is said to be digging in and consolidating its position. Turkish Cypriot extremists may try to create an incident designed to precipitate Turkish intervention]

[The Greek Cypriots have ordered their forces to avoid all provocations and to return fire only in self-defense. As the predominant community, they probably believe that any diplomatic settlement would favor them]

[In Southern Turkey the Turkish military concentration is maintaining its high state of readiness, and could react quickly to any urgent call for help from the Turkish military contingent on the island]

[The UK continues its efforts to line up Western support for some kind of interallied police force for Cyprus]

[Contrary to what the Cypriot ambassador in Athens told the US ambassador, Greek Cypriot leaders, following a 26 January meeting, rejected the British proposal that troops from NATO member countries be sent to Cyprus. They reasoned such an arrangement would allow the continued presence of the Turkish military contingent already on the island]

[London has indicated that it will resort to the UN if fighting breaks out before a peace-keeping formula is achieved]

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South Vietnam: [A serious deterioration of security conditions apparently occurred in the northern provinces after the November coup]

[Despite reports of encouraging progress now being made by the government in two of the eight provinces concerned, a survey by the US consul in Hué has revealed that the Viet Cong upsurge at the end of 1963 seriously eroded the morale of strategic hamlet militia. Many of the militia have turned in their weapons and others have been disarmed by local officials, who consider them unreliable]

[The Viet Cong appear to have used primarily irregular platoon-sized units in intensified harassment without committing their regular battalions]

[Another recent study, on Viet Cong tactics against aircraft, also provides evidence of increased effectiveness of Communist forces last year. During 1963, hits were scored on aircraft on 737 occasions; a number of these hits resulted in aircraft being seriously damaged or destroyed. In 1962 aircraft were hit on only 85 occasions. Although the Viet Cong initially were successful only against helicopters and light reconnaissance planes, they are now hitting faster attack and bomber craft regularly]

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Arab States - Israel: [The Arab leaders' schemes for opposing Israel's Jordan River project are longer range than they have publicly acknowledged.]

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[Official announcements following the recent Cairo conference of Arab heads of state did not spell out this condition in describing the Arab plans to prevent Israel from withdrawing substantial amounts of water from the river basin.]

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[An Arab League announcement indicates that diversion work would take an additional eighteen months at least.]

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[The more prosperous Arab states are to assist in financing both the military build-up and the headwaters diversion project. As a result, both political and technical difficulties could well delay any showdown even further.]

[There remains a possibility that Syria might unilaterally move sooner, by sabotage or other clandestine action, against the Israeli project.]

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*Pakistan-India: Pakistani leaders are still hinting that Pakistan might resort to some kind of localized paramilitary action against the Indian-held portion of Kashmir if no progress is made in this week's UN Security Council debate on Kashmir.]

[Pakistan's UN representative, Zafarullah Khan, said last week that direct action--such as "20,000 non-uniformed tribesmen infiltrating east of the cease-fire line"--would be the only alternative left to his government, since direct negotiations with India had gotten nowhere.)

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[Pakistan will probably continue to be wary, however, of actions that might bring about a broader confrontation with India, which has a heavy concentration of forces in the Kashmir area and which enjoys overall military superiority over Pakistan. Pakistan will also be inhibited to some extent by concern that such action would adversely affect its relations with the US.]

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NOTES

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Argentina-USSR: The sale of approximately 40,000 metric tons of wheat to the USSR, the first such sale of the current crop, was announced by two firms in Buenos Aires on 24 January. Negotiations for further grain sales to the USSR are in progress. Argentina's wheat crop, which may amount to 7.1 million tons, appears to be the best in ten years, and may yield an exportable surplus well over 3 million tons.

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USSR-Brazil: Khrushchev has reportedly rejected a Brazilian request to finance the proposed billion-dollar Sete Quedas hydroelectric complex.

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Khrushchev's refusal was on the grounds that it was Moscow's "policy" not to become "involved" in financing projects in foreign countries since there was much to be done in the USSR. Recent rumors of Soviet financial support may have been spread by the Brazilians to foster Western interest in the project.

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